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**From:** Schwier, Allison N [SchwierAN@state.gov]  
**Sent:** 8/1/2017 4:21:04 PM  
**To:** Schwier, Allison N [SchwierAN@state.gov]  
**CC:** Wong, Gifford J [WongG@state.gov]; Hearty, Grace E [HeartyGE@state.gov]  
**Subject:** (SBU) China Energy and Environment News 8-1-2017  
**Attachments:** RE: Beijing ESTH Daily News Highlights- July 29-Aug 1, 2017; China-Pacific Cooperation for SDGs Series\_Climate Change.pdf; China Energy and Environment News 08-01.docx

SENSITIVE BUT UNCLASSIFIED

All,

Happy Tuesday! Today, a newsletter focused on Chinese media highlights, highlights from Chinese ministries (including info on the waste import ban, a new LED lighting Five Year Plan, the Artificial Intelligence development plan and more), and a lot of notes from Post. I'm almost caught up on cables from the Branstad days (how I'm referring to June/July), so I'll have a list for you in the coming days.

Attachments:

- Beijing ESTH Daily News Highlights – pollution, green manufacturing, desertification, S&T (AI, DNA sequencing, emerging industries, atomic clock), cancer vaccines
- China's South-South Cooperation with Pacific Island Countries in the Context of the 2030 Agenda for Sustainable Development

Til tomorrow,  
Allie

## NOTES FROM CHINESE MEDIA

**NOTES FROM CHINESE MINISTRIES** (*GMO crop approvals, AI development plan, biotech research security rules, waste import ban, innovation and entrepreneurship guide, LED lighting FYP, exascale supercomputer launch*)

## NOTES FROM POST

## NOTES FROM CHINESE MEDIA

### CCTV Evening News Headlines from 07/20/2017

1. China punished senior officials in northwest China's Gansu Province over environmental violations in the Qilian Mountains national nature reserve, showing the country's commitment to green development.
2. The State Council issued a guideline on developing artificial intelligence, setting the goal of becoming a global innovation center in this field by 2030.

### CCTV Evening News Headlines from 07/23/2017

3. Since the 18th National Congress of the Communist Party of China, China has made remarkable achievement in its comprehensive reform under President Xi Jinping's leadership.
4. A 10-episode political documentary that began airing last week has gained positive feedback from the public nationwide, with many people expressing confidence in the Communist Party of China's ongoing efforts to deepen reform.
5. China's 5G network is expected to come into commercial operation by 2020.
6. Millions of college students went to the central and western regions of the country for voluntary service.

#### **CCTV Evening News Headlines from 07/24/2017**

7. In a congratulatory letter to the International Botanical Congress held in Shenzhen, President Xi called on botanists worldwide to increase cooperation in protecting biodiversity and promoting green development.
8. Chinese Premier Li Keqiang sent a congratulatory letter to the inaugural ceremony of the Asian Financial Cooperation Association, noting that the establishment of a stable and efficient financial system is an important foundation for sustainable development of the world economy, and the AFCA will serve an important role in optimizing the allocation of regional financial resources and supporting the development of all countries, especially emerging economies.

#### **CCTV Evening News Headlines from 07/26/2017**

9. The State Council required all central state owned enterprises to complete corporatization reforms within the year. This was China's latest effort in instituting broader reforms among state enterprises to boost efficiency and profitability.
10. China will step up efforts to improve public hospital management to deepen the country's health care reform.

#### **CCTV Evening News Headlines from 07/31/2017**

1. While visiting China's major mobile network operators, Premier Li Keqiang called for faster and cheaper internet service to boost the country's digital economy.
2. Vice Premier Zhang Gaoli urged solid efforts on air pollution control in north China in the coming fall and winter seasons.
3. President Xi Jinping's "7-26" remarks at a high-level workshop inspired confidence for the nation to create a moderately prosperous society and achieve the Chinese dream of national rejuvenation.

### **NOTES FROM CHINESE MINISTRIES**

**Two more genetically modified crops approved for import ahead of the first official bilateral economic dialogue.** The Ministry of Agriculture (MOA) has posted on its website the second tranche of genetically modified crop varieties approved for import. They are Syngenta's 5307 insect-resistant corn and Monsanto's 87427 glyphosate-resistant corn. Both are approved for three years as of July 17, 2017. The announcement which brings the total approved GMO crops for domestic consumption to four was made ahead of the first U.S.-China Comprehensive Economic Dialogue which is taking place on Wednesday in Washington DC. MOA approved a Dow GMO corn variety and a Monsanto soybean variety a month ago. In the "early harvest" agreement under a 100-day plan, China promised to expeditiously review eight GMO crop applications. (Full text in Chinese: [http://www.moa.gov.cn/ztl/zjyqwgz/spxx/201706/t20170614\\_5678550.htm](http://www.moa.gov.cn/ztl/zjyqwgz/spxx/201706/t20170614_5678550.htm) ) (MOA)

**Artificial intelligence development plan issued.** The State Council yesterday released a *New Generation Artificial Intelligence Development Plan*. The plan acknowledges that the overall development of artificial

intelligence (AI) in China still lags behind that of developed economies but vows to catch up by 2030 in a three-phase strategy: reaching parallel levels with world's leader in overall technology and applications by the end of 2020, making major breakthroughs in basic theories and leading in some technologies and applications by the end of 2025, and reaching overall leadership in theories, technologies and applications by the end of 2030. Six key tasks are identified including building an open and coordinated innovation system, nurturing a high-end and high-efficiency economy, building a secure and convenient society, integrating military-civil applications, building widely secure and efficient infrastructure systems, and forwardly-leaning planning new generation major projects. (Full text in Chinese: [http://www.gov.cn/zhengce/content/2017-07/20/content\\_5211996.htm](http://www.gov.cn/zhengce/content/2017-07/20/content_5211996.htm) ) (gov.cn)

**New security rules on biotech research released.** The Ministry of Science and Technology (MOST) today released *The Measures for the Administration of Security in Biotech Research and Development*. The rules divide biotech research and development (R&D) activities into “high risk,” “relatively high risk,” and “general risk.” Eight categories of biotech R&D activities are considered high risk, five as relatively high risk, and five as general risk. The rules also lay out the responsibilities of the regulators at the central and local levels and those of the National Biotech R&D Security Management Expert Committee. (Full text in Chinese: [http://www.most.gov.cn/mostinfo/xinxifenlei/fgzc/gfxwj/gfxwj2017/201707/t20170725\\_134231.htm](http://www.most.gov.cn/mostinfo/xinxifenlei/fgzc/gfxwj/gfxwj2017/201707/t20170725_134231.htm) ) (MOST)

**Plan released for reducing and banning solid waste imports and reforming the regulatory regime.** The State Council today released *Implementing Plan for Banning the Entry of Overseas Garbage and Promoting the Reform of the Management System for Solid Waste Imports*. The plan, which provides no definition for “garbage” v. “waste,” calls for a comprehensive ban on the import of “heavily polluting” solid wastes by the end of this year and gradually phasing out by the end of 2019 the import of solid wastes that can be substituted by domestic resources. Specifically, regulators will revise the solid waste import catalogue by the end of July and ban the import of consumer plastic wastes, unsorted waste paper and textiles, and vanadium slag by the end of this year; revamp the solid waste import catalogue to drastically reduce the categories and quantities permitted for import by the end of 2019; raise the thresholds for solid waste imports by revising the environmental protection standards for solid wastes imported as raw materials and issuing environmental protection rules for waste paper imports by the end of 2017; revise solid waste import rules to designate and limit the number of ports permitted to handle such imports by the end of 2018, revise the import permit system and revoke permits for imports by agents by the end of 2018, increase the number of authentication bodies by the end of 2017, and amend the solid waste pollution prevention law to increase penalties for illegal imports by the end of 2019. The ban on “garbage” imports will focus on hazardous wastes, medical wastes, electronic wastes, and consumer garbage and anti-smuggling drive will focus on plastic wastes, paper wastes, consumer garbage, electronic wastes, and used clothes. On the other hand, the plan calls for strengthening domestic recycling with an aim to raise domestic solid waste volume from 246 mn tons in 2015 to 350 mn tons by the end of 2020. China notified WTO on July 18 that it would stop accepting shipments of 24 types of plastic, paper and metal recyclables, including PET (polyethylene terephthalate, a form of polyester), PVC (polyvinyl chloride), polyethylene, polystyrene and other scrap polymers. The ban also will cover slag from steelmaking and many kinds of waste wool, ash, cotton and yarn. China Daily quoted Robin Wiener, president of Washington-based trade group Institute of Scrap Recycling Industries (ISRI), as saying that the ban “could have a devastating impact on the global recycling industry. In any given year, approximately one-third of the scrap recycled in the U.S. is prepared for shipment to the export market, and China is the recycling industry's largest customer.” The trade includes more than \$1.9 bn in scrap paper and \$495 mn in scrap plastics, and the U.S. and Japan are leading exporters. The China NonFerrous Metals Industry Association reportedly said on Tuesday that it had received a notice that scrap metals including wire, motors and bulk scrap metal will be banned by the end of 2018. The report roiled the metal market with copper hitting a 2-year high on the London Metal Exchange on Wednesday on speculation that the ban will increase Chinese import demands. (Full text in Chinese: [http://www.gov.cn/zhengce/content/2017-07/27/content\\_5213738.htm](http://www.gov.cn/zhengce/content/2017-07/27/content_5213738.htm) ) (gov.cn, CD, Reuters)

**New guide issued to promote mass innovation and mass entrepreneurship with major tasks and implementing leads identified.** The State Council today released *Opinions for Strengthening the*

*Implementation of an Innovation-Driven Development Strategy and Further Promoting the in-Depth Development of Mass Entrepreneurship and Mass Innovation.* The guide identifies 39 tasks and lead and participating agencies for implementation. The tasks are under categories of accelerating the commercialization of scientific research results, expanding channels of financing for businesses, promoting the transformation and upgrading of the real economy, perfecting the incentivization mechanisms for promoting talent mobility, and innovation in government approaches to administration. In intellectual property (IP) protection, the guide calls for the establishment of IP protection centers with integration of fast-track patent examination, determination and right assertion, and interconnection between examination for right determination, administrative law enforcement, right protection assistance, arbitration and mediation, and judicial redress. It also calls for exploring a system to compel commercialization of research results funded by fiscal appropriation within a time limit in the strategic and newly emerging industries, and to use the national compulsory licensing system to implement commercialization in cases of failure to voluntarily commercialize within such time limits. In the area of upgrading existing industries, a guide will be developed for demonstration promoting the “first-use” of major technologies and equipment and supporting policies will be introduced in the fiscal, financial and insurance areas. China has been encouraging and incentivizing the purchase and use of untested and unproven technologies and equipment of domestic origins. The top task under innovating government administration is to introduce rules for implementing the fair competition review system by perfecting review mechanisms, clarifying review procedures, and strengthening accountability. (Full text in Chinese: [http://www.gov.cn/zhengce/content/2017-07/27/content\\_5213735.htm](http://www.gov.cn/zhengce/content/2017-07/27/content_5213735.htm) ) (gov.cn)

**LED lighting industry five-year plan released aiming to double the industry China is already dominant.** The National Development and Reform Commission (NDRC) today released *The 13th Five-Year Plan for the Development of the Solid State Lighting (SSL) Industry*. Issued jointly by 13 agencies led by NDRC, the plan which covers both light-emitting diode (LED) and organic light emitting diode (OLED) lighting attributes China’s emergence as the world’s largest producer, consumer and exporter of SSL products to the designation of the industry as part of the strategic and newly emerging industries (SEIs) under the 12th FYP during which the industry grew at an average annual rate of 30%. The plan for 2016-2020 sets the targets of developing one LED enterprise with an annual sales of more than 10 bn yuan, nurturing 1-2 global brands and 10 domestic well-known brands, and growing the industry from 424.5 bn yuan to 1 trillion yuan by the end of 2020. It also sets an industry concentration target of raising the market share of the top ten companies from 7% to 15%. A section of the plan is devoted to encouraging domestic firms to “go global” by supporting them to set up overseas operations, making acquisitions, participating in infrastructure construction and energy-saving upgrading, and exporting their products. For the purpose, a One Belt One Road Lighting LED Action Plan is envisaged. Five demonstrative projects will be launched including an urban street lighting application project, an innovation application project, a public institution lighting application project, and an international cooperation base project. (Full text in Chinese: [http://www.ndrc.gov.cn/gzdt/201707/t20170728\\_856262.html](http://www.ndrc.gov.cn/gzdt/201707/t20170728_856262.html) ) (NDRC)

**Development of first exascale supercomputer launched with a pledge to building an “indigenous ecosystem.”** The National Supercomputing Center in Tianjin has launched the development of Tianhe-3 which is designed to handle one quintillion calculations per second which will be ten times faster than the current leader Sunway TaihuLight. The first exascale machine to be completed by the end of 2020 will aim to build an “indigenous” ecosystem that will “interconnect” with the national innovation strategy, Chinese News Service reported today. The 93-petaflop Sunway TaihuLight machine, built in 2016, boasts of all indigenous processors after the U.S. slapped a ban in 2015 on the export of Intel chips for Chinese supercomputers, which powered Tianhe-1 and Tianhe-2. (CNS, CCTV)

## **NOTES FROM POST**



### **Lecture by CDC Specialists Promotes HIV Awareness**

Jul.18, Beijing – To promote National HIV Testing Day, the Beijing American Center partnered with Jeane Davis of CDC's Global HIV/AIDS program in China to discuss the history of the HIV test, and the current practice of HIV Testing and Counseling Services in the U.S., and some of the CDC's collaborative achievements with the Chinese CDC for HIV testing in China. Joined by the CDC's Dr. Colin Shepard, during the Q&A session, the speakers took questions from the audience

focusing on HIV testing methods, trends of infection, and challenges in treatment and prevention. Following the presentation, the pair participated in a media roundtable with reporters from three major health-news outlets. The reporters sought information that could help Chinese youth access free HIV testing. They also sought a deeper understanding of what CDC has done in the U.S. to overcome discrimination and privacy concerns in pursuit of HIV-reduction goals. Press reports have already appeared in [www.39.net](http://www.39.net) and China.org.cn.

### **(SBU) MOST Minister Positive But General on Energy, S&T Cooperation During Ambassador's Initial Call:**

Minister of Science and Technology (MOST) Wan Gang repeatedly referred to the benefits of the U.S. – China Science & Technology Agreement, and particularly to cooperation on energy and on innovation during Ambassador Branstad's July 13 breakfast meeting with him, but offered only generalities on finding a way to renew the soon-to-lapse S&T Agreement. The Ambassador handed to Minister Wan a diplomatic note with two specific asks, and MOST DDG Cai Jianing followed up immediately after the breakfast with a promise to quickly deliver some proposed language on the S&T Agreement. Wan made reference to his generation, including Xi Jinping, being sent to the countryside during the Cultural Revolution, noting how difficult rural life was then, compared to the cities. This was an rare admission from a senior leader about a time period that is almost never mentioned.

### **(U) American Education NGO Sets Up Third Annual Summer Science Institute at Tsinghua University:**

Over 100 people, including 60 students plus administrators, professors, and parents gathered on July 9 for the kickoff to the 6-week science, technology, engineering, and math (STEM) Research Science Institute (RSI) co-sponsored by Tsinghua University and the U.S.-based Center for Excellence in Education (CEE). RSI, based on a model developed in the United States, seeks to nurture careers in science and to encourage international scientific collaboration. Several science teachers come from the United States for RSI to broaden their own viewpoint on international science and to provide an American perspective to the Chinese students. Speakers included Tsinghua University Vice Provost Dr. Gang Peng and CEE co-founder Joann DiGennaro. Enrollment increased by 50% over 2016, enrolling 60 Chinese students from high schools in the United States and China. Participants' interests ranged from materials science to biotechnology, with particular interest concentrated in data science and artificial intelligence.

**(U) Flu Epidemic Strains HK Health System:** Hong Kong's Public Health infrastructure continues to be strained by an epidemic of the seasonal H3N2 flu, local media report. Over the past week, another 51 deaths occurred bringing the death total attributed to the flu since May 2017 to at least 205 adults and three children. The death toll may soon exceed the record of 222 set in a 2012 outbreak. Total number of flu cases surged in July to more than 2,000 new cases per week. At this rate, flu cases in 2017 will soon surpass the total for all of 2016. On July 16, Chief Executive Carrie Lam made a surprise visit to Queen Elizabeth Hospital to issue a call to action on the epidemic. Local media report that most public hospitals are already overburdened, frequently to beyond 110% or 120% capacity.

**(U) Hong Kong, Macau, Mainland Sign Air Traffic Agreement:** The Air Traffic Management Bureau (ATMB) of the Civil Aviation Administration of China (CAAC), the Civil Aviation Department (CAD) of Hong Kong and the Civil Aviation Authority of Macau (AACM) signed a Memorandum of Cooperation July 13 to further enhance the efficiency of air traffic management in the Pearl River Delta (PRD) region following a meeting in Macau, local media report. CAAC Deputy Administrator Dong Zhiyi, who witnessed the signing ceremony, extolled the three civil aviation authorities' coordination work on airspace in the PRD region. "They will work even more closely together, in light of the Belt and Road Initiative and other development strategies, to promote cooperation and interconnection so as to enable the Hong Kong International Airport and other major airports in the Guangdong-Hong Kong-Macao Bay Area to maximize their potential," Dong added.

**(SBU) Senior Tesla Executives Plan Early August Visit to Engage Hong Kong Government:** EP and FCS met July 14 Tesla's Hong Kong Business Development Manager Julian de Jonquieres. Confirming reports that sales in Hong Kong of Tesla vehicles have virtually ceased since the tax exemption reversal in March 2017, Jonquieres requested USG assistance in gaining an audience on behalf of two senior Tesla executives with Hong Kong Chief Executive Carrie Lam to resolve the issue. The Tesla senior executives are scheduled to visit Hong Kong in late July/early August to engage Hong Kong government officials on this issue. Tesla would also like to meet with USTR representatives during their July 31 visit to Hong Kong. Emphasizing that while Tesla remained disappointed in the "surprise" policy change to significantly reduce the tax exemption, Jonquieres pointed out that Tesla continued to make significant investments in Hong Kong, highlighting in particular the construction of a new super charger in the Special Administrative Region.

**(SBU) NGO Law, Bureaucracy Slow American Heart Association's Work in China:** Representatives from the American Heart Association (AHA) updated us on July 17 about their years-long collaboration in on working with Chinese medical institutions such as the Chinese Society of Cardiology and Chinese hospitals on improving standards of care for patients with time-sensitive conditions such as strokes and heart attacks. Despite the evident value of the AHA's work in China, AHA staff spend much of their time managing logistical and administrative issues rather than working on healthcare. AHA was unable to register under the new NGO law and had to register as a wholly foreign-owned enterprise, incidentally having to wait 7 weeks for a bank account. AHA representatives also noted that they are unable to have substantive conversations with National Health and Family Planning Commission (NHFPC) officials because NHFPC is 'too busy'.

**(SBU) New Treasury Head Discusses Review of Electric Vehicle Tax:** During an initial courtesy call on July 25, Hong Kong's new Secretary for Financial Services and the Treasury (FTSB) James Lau acknowledged CG Tong's concerns over the HKG's significant scaling back of tax credits for purchases of electric vehicles (EVs). Responding to the CG's urging that the tax exemption be reinstated, Lau noted that his bureau would review the issue by April of 2018, when the current policy is set to expire. Lau conceded that the abrupt policy reversal had had a large and adverse impact on Tesla's sales in Hong Kong and indicated that Chief Executive Carrie Lam is likely to meet with Tesla's Elon Musk in early August. (In coordination with Tesla and the American Chamber of Commerce, CG Tong sent Chief Executive Lam a letter on this topic last week.) The HKG, Lau continued, had made its decision to cancel the tax credit after reviewing other countries' treatment of EVs, including that of the UK which, Lau said, had taken steps to reduce subsidies. Turning to the performance of the new Bond Connect scheme that allows Hong Kong investors to buy Mainland bonds, Lau assessed that while the platform was not "super active," it was working "reasonably well." He did not speculate as to when Bond Connect might be open for "southbound" trade, but said it was "not likely to happen soon," because of the current lack of infrastructure to enable mainland access to the Hong Kong bond market, as well as continuing Mainland Chinese controls on capital outflows. The FTSB's primary focus now, Lau told CG Tong, was to prepare for Lam's October 11 policy address and to develop a budget for transmission to the Legislative

Council in February 2018. Lam, he offered, would continue Hong Kong's traditional "small-government approach," but also recognized the need for a larger government role in addressing key challenges such as Hong Kong's rapidly aging population and stimulating innovative employment opportunities for Hong Kong youth. Lam, he said, has "a heart for the youth," and her government was looking to encourage an entrepreneurial spirit among Hong Kong's younger generation, including through development of the Border Loop Science Park to encourage greater connectivity with Shenzhen and the broader Greater Bay Area.

**(SBU) Tesla Continues to Press for Carrie Lam Meeting:** During a July 26 meeting, Tesla executives from California, Hong Kong and Mainland China told CG Tong that they are still pursuing a meeting for Elon Musk with Chief Executive Carrie Lam as soon as possible to put the EV first registration tax waiver on her agenda before her major October 11 policy speech. The Chief Executive's office has yet to respond to Tesla's meeting request. (CG Tong sent a letter encouraging her to agree to the meeting.) Tesla posited that German automakers and local dealerships owned by politically powerful Hong Kong holding companies like Jardine Matheson, whose market share Tesla's rise – driven in no small part by the tax waiver – had usurped, were behind the abrupt policy change that significantly reduced the tax waiver. While Tesla continues to view Hong Kong as an ideal "catalytic market" for EVs, they acknowledged that the complete waiver of the first registration tax may have been unusually generous, and they do not expect nor are they advocating a complete restoration of the old tax policy. Tesla continues to invest in service centers and charging stations and is considering investing in "quasi-R&D facilities" in Hong Kong, but these investment plans could be threatened if they cannot continue to grow their market.

**(SBU) HKTDC Looks Beyond Silicon Valley:** The Hong Kong Trade Development Council (HKTDC) is looking beyond Silicon Valley to identify small to medium-sized U.S. tech firms to partner with Hong Kong companies, Louis Chan, an economist from the Americas and Europe Division of HKTDC's Research Department, told EconOff on July 26. While HKTDC was looking to expand connections with the United States, it was also looking south. He speculated that HKTDC might open a branch office in Miami as a base for Hong Kong firms to connect with markets in Latin America. Industry associations and trade officials from Mexico and Chile, he explained, had recently visited Hong Kong to discuss the Belt and Road initiative. HKTDC is also closely following the renegotiation of NAFTA as uncertainty surrounding the agreement's future could present opportunities for Asian countries and Hong Kong in Mexico and Canada. Shifting focus to Europe, Chan said he had recently returned from a trip to Central and Eastern Europe where he had been assessing Belt and Road-related successes. He recounted positive developments in Poland, where a special economic zone had been established to facilitate the flow of rail cargo between Belarus and Poland, and in Hungary, where the Bank of China had opened its first branch office in the region. In the Czech Republic, a number of M&As by Chinese firms, including for the purchase of the building housing the Czech Chamber of Commerce, brought added advantages to China, Chan assessed. Burgeoning trade ties between Eastern and Central Europe and China, also benefitted Hong Kong. For example, Czech and Hungarian firms had established offices in Hong Kong, while firms from other countries had used Hong Kong as a test market for products to be sold in mainland China.

**(SBU) Energy Ministry Outlines Challenges and Asks for Regulatory Technical Assistance in Inaugural Energy Cooperation Dialogue:** Ministry of Energy Policy and Planning Department Director General D. Chimeddorj described his Ministry's challenges to Bureau of Energy Resources Acting Special Envoy Mary Warlick and requested regulatory technical assistance during the first-ever U.S.-Mongolia Energy Cooperation Dialogue today, and the two sides agreed to stay in close touch to develop this request. The Mongolian Energy Ministry's main challenges include creating a legal, regulatory, and tariff framework that encourages investment in the renewable energy sector, switching from a centralized model of energy production that focuses on supplying the largest cities to a distributed model that encourages industrial development in remote areas, revamping the country's natural gas distribution network, and identifying and prioritizing the most effective locations for conventional and unconventional power projects to meet growing domestic and regional demand, he said. Chimeddorj outlined the Energy Ministry's priorities, including expanding the energy sector's share of renewables, promoting Mongolia's interconnectivity with its neighbors through the Asia Super Grid



model, and addressing the air pollution problem in Ulaanbaatar caused by the current CHP plans and the prevalent use of coal for residential heating, and asked for U.S. support in meeting these challenges and accomplishing these priorities. Mongolia is also interested in exploiting its coal-bed methane (CBM), he said, but is unsure how to overcome the high entry cost for CBM projects. Chimeddorj and Renewable Energy Division Head M. Angarag confirmed that the Energy Ministry is in close contact with international organizations like the International Renewable Energy Agency (IRENA) and other donor countries and multilateral development banks regarding the development of the energy sector. Acting SE Warlick and ENR staff introduced ENR technical assistance programs that have been used in other countries and that might be helpful in Mongolia; for example, ENR has recently worked with countries to introduce an auction model for new energy products, to establish a distributed energy system, and to address the effect of weather on energy systems in territories like Greenland that are climatically similar to Mongolia. The two sides agreed to remain in close communication regarding potential cooperation between the United States and Mongolia in the Energy Sector, and Chimeddorj pledged to provide ENR with an outline of ongoing projects and technical assistance between Mongolia and other third parties to avoid duplication of effort. The Desk will provide Post with a full readout separately.

**(SBU) MIIT to Discuss NEV Concerns with Industry:** The Ministry of Industry and Information Technology (MIIT) reached out to post FCS office and agreed to meet with representatives of the principal U.S., EU, Japanese, and Korean auto associations and original equipment manufacturers to discuss concerns on MIIT's new energy vehicle (NEV) production quotas and proposed credit-trading system. MIIT was responding to a June 18 joint letter from the four auto associations regarding the draft measure, which MIIT released on June 13. Automakers are primarily concerned about the short timeframe for implementing the quotas (requiring NEVs to make up 8 percent of each automaker's total China production in 2018). The U.S. association is conveying the meeting request to its counterparts. Post is reaching out to the EU, Japanese, and Korean Embassies to ensure that all relevant stakeholders are aware. The meeting could take place as soon as the first week of August.

**(U) China to include Polar Regions into One Belt One Road (OBOR):** China is building its 5th Antarctic research station, giving it the world's second largest polar presence behind the United States and its 6 stations, and is building additional stations near the North Pole near the Arctic Circle in Iceland and Finland, according to Dr. Marc Lanteigne, Senior Lecturer on China/East Asia/Polar Regions of Massey University in New Zealand. Mr. Lanteigne said, "This is China's attempt to make an argument that it is an Arctic state" and be involved in future discussions regarding the polar regions' potential for oil, mineral and natural gas resources and territory allocation. Lanteigne said this development update is related to the National Development and Reform Commission's (NDRC) policy paper's release in June 2017 that defined the polar regions as part of its OBOR initiative.

**(SBU) U.S.-China Science & Technology Agreement (STA) Extended for 3 Months:** The U.S. and China agreed to a 3-month extension of the STA after A/DAS Laura Stone met with China's Ministry of Science and Technology (MOST) and Ministry of Commerce (MOFCOM) to discuss future joint S&T research. MOST acknowledged for the first time that pure research could – however rarely – result in the creation of intellectual property. MOST DDG Cai Jianing asked for examples to consider. Stone and MOFCOM Director General Wang Xu discussed in detail where joint research activities under the STA may conflict with provisions in the Technology Import Export Regulations (TIER). Stone agreed to send a list of specific scenarios to MOFCOM for their interpretation. MOST said they had done their utmost to renew the STA, but agreed to work further to continue the 38-year agreement and avoid announcements about the STA's approaching lapse during Vice Premier Liu Yandong's visit to Washington.



**(SBU) China Announces Ban on Rubbish Imports:** China notified the World Trade Organization (WTO) on July 18 that it would stop accepting shipments of foreign waste, citing environmental pollution as a major concern. The Australian and Japanese Embassies in Beijing have stated industry associations are raising concerns and worried this decision will affect trade and business in recyclable items such as paper and plastic. U.S. industry seems to be most concerned about how this will impact paper products once the ban is fully implemented by the end of 2017.

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